



OFFICE OF THE UNDER SECRETARY OF DEFENSE

3000 DEFENSE PENTAGON
WASHINGTON, DC 20301-3000

October 29, 2020

ACQUISITION
AND SUSTAINMENT

MEMORANDUM FOR: SEE DISTRIBUTION

SUBJECT: Fiscal Year 2020 Rating Cycle Pay Pool Funding Guidance for the Department of Defense Civilian Acquisition Workforce Personnel Demonstration Project (AcqDemo)

References: (a) Federal Register Notice (FRN), 82 FR 52104, November 9, 2017 as amended, Civilian Acquisition Workforce Personnel Demonstration Project (AcqDemo); Department of Defense (DoD)
(b) OUSD(P&R), November 12, 2019, Guidance on Awards for Civilian Employees and Workforce Fund Plan

The purpose of this memorandum is to provide annual Department of Defense (DoD) Civilian Acquisition Workforce Personnel Demonstration Project (AcqDemo) Pay Pool funding guidance for use during the pay pool reviews of the FY20 AcqDemo contribution period, with payout to occur in January 2021. The AcqDemo Program Manager had informal discussions with the Defense Civilian Personnel Advisory Service (DCPAS) concerning the award funding guidance for FY21. USD(P&R) issued Award Funding guidance in November 2019 (discussed herein, memo attached) and based on discussions with DCPAS we do not anticipate any additional award guidance for FY21. This memorandum provides guidance within the following areas:

Contribution Rating Increase (CRI) Pay Pool Funding. Subject to any subsequent guidance issued by the Office of Personnel Management (OPM) and/or DoD, minimum funding of the CRI portion of all pay pools will be set at no less than 2.0 percent, and maximum funding will be set at no more than 2.26 percent of the sum of the [basic] salaries of all eligible employees in the pay pool. The range of 2.0 to 2.26 percent funding will be available in the Compensation Management Spreadsheet (CMS), for consideration and applicable Personnel Policy Board decision for those organizations undergoing their second or greater AcqDemo pay pool assessments. Organizations undergoing their first AcqDemo payout may use a range of 2.0 to 2.4 percent of basic (base) salaries.

Contribution Award (CA) Pay Pool Funding. Components should process the monetary awards consistent with the most current USD(P&R) award guidance published 11 Nov 2019 (attached) which includes the OMB/OPM Memo (M-19-24) pertaining to the Workforce Fund Plans. This memo emphasizes the strategic use of awards and fostering a culture of recognition – the exact purpose of the AcqDemo Contribution-based Compensation and Appraisal System. The memo stresses the importance of the ongoing use of awards and recognition throughout the year to reward and recognize high performing employees and those with talent critical to mission achievement. The AcqDemo 2020 CMS Parameters will allow organizations to alter and set the amount of CA to be distributed through the pay pool process and identify the award funds to be distributed during FY 2021 for on-the-spot, group, or other awards.

The DoD guidance calls for Awards to be funded in accordance with their Agency Workforce Fund Plan for FY21 which includes a 1% 'increase' in award spending in FY21, so for most AcqDemo organizations that would be Award funding at 2.5% of the sum of total [aggregate] salaries of all eligible employees in the pay pool on 30 September 2020. That said, this new award funding guidance is a change from historical guidance, so recommend AcqDemo leaders consult with those in your organization that are responsible for your agency Workforce Fund Plan. Organizations may fund Contribution Awards up to 2.5 percent of the sum of total [aggregate] salaries of all eligible employees in the pay pool on 30 September 2020. Therefore, follow your agency Workforce Fund Plan guidance for award funding for the FY 2020 Pay Pool Cycle, unless another limit has been identified through the collective bargaining process.

Contribution Carry Over Award Funding. When a performance-based continuing pay increase cannot be fully applied due to pay band limitations, the excess amount is generally paid as a lump sum from the funding available for continuing pay increases. Payments of this nature are not considered performance awards under Chapter 45 of title 5 U.S.C., and are not counted against the budgetary limit imposed by the Office of Management and Budget (OMB)/OPM. Therefore, the practice of rolling over individually-identified CRI, that cannot be paid as a salary increase, into a lump sum Carry Over Award (Nature of Action 885), may be followed in accordance with guidance provided in the organization's Pay Pool Business Rules.

These spending levels remain in effect, pending additional OMB/OPM or DoD guidance, until rescinded or amended.

Compensating employees for their contribution to the organization's mission is a fundamental principle of AcqDemo. Therefore, providing pay pools and managers with the ability to execute their programs in accordance with the provisions of AcqDemo is essential to conducting a thorough evaluation of the program's impacts on the performance of the acquisition workforce.

We appreciate your support in this endeavor.

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Human Capital Initiatives

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